

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



G-02528A
Duncan Rural Service Corporation
Attn: Jack Shilling Gen Mgr
PO Box 440
Duncan, AZ 85534

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

RECEIVED

APR 03 2007

AZ CORP COMM
Director Utilities

FOR COMMISSION USE

ANN 02	06
--------	----

PROCESSED BY:

4-6-07 RF

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Duncan Rural Services Corporation</u>			
Mailing Address <u>PO Box 440</u> (Street)			
<u>Duncan</u> (City)	<u>AZ</u> (State)	<u>85534</u> (Zip)	
<u>928-359-2503</u> Telephone No. (Include Area Code)	<u>928-359-2370</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>Same as Above</u> (Street)			
 (City)	 (State)	 (Zip)	
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>Jack Shilling</u> (Name)			
<u>CEO</u> (Title)			
<u>PO Box 440</u> (Street)	<u>Duncan</u> (City)	<u>AZ</u> (State)	<u>85534</u> (Zip)
<u>928-359-2503</u> Telephone No. (Include Area Code)	<u>928-359-2370</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>Same as Above</u> (Name)			
 (Street)	 (City)	 (State)	 (Zip)
 Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Gallagher & Kennedy (Mike Grant)
 (Name)
PO Box 32159 Phoenix AZ 85064-2159
 (Street) (City) (State) (Zip)
602-530-8000 602-257-9459
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)
 Attorney: Same as Above
 (Name)
 (Street) (City) (State) (Zip)
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input checked="" type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

☐ **Electric**

- ☐ Investor Owned Electric
- ☐ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
 - ☐ Transmission Service Provider
 - ☐ Meter Service Provider
 - ☐ Meter Reading Service Provider
 - ☐ Billing and Collection
 - ☐ Ancillary Services
 - ☐ Generation Provider
 - ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☒ Natural Gas
- ☐ Propane

☐ **Other (Specify)** _____

STATISTICAL INFORMATION

TELECOMMUNICATION UTILITIES ONLY

Total residence local exchange access lines	_____
Total business local exchange access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

STATISTICAL INFORMATION (CONT'D)

ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	_____
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____
 Total kilowatt-hours sold	_____ kWh
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____
 Maximum Peak Load	_____ MW

GAS UTILITIES ONLY

Total number of customers	_____
Residential	_____
Commercial	_____
Industrial	_____
Irrigation	_____
Resale	_____
 Total therms sold	_____ therms
Residential	_____
Commercial	_____
Industrial	_____
Irrigation	_____
Resale	_____

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

APR 10 8 2007

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED
OF THE

COUNTY OR (COUNTY NAME)	Greenlee
NAME (OWNER OR OFFICIAL) TITLE	Jack Shilling CEO
COMPANY NAME	Duncan Rural Services Corporation

ARIZONA CORPORATION COMMISSION
Director of Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 816,682

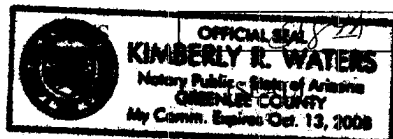
(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 716,340
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Jack Shilling
SIGNATURE OF OWNER OR OFFICIAL
928-359-2503
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF _____



DAY OF _____

COUNTY NAME	Greenlee
MONTH	March
	20 07

Kimberly R. Waters
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10/13/2008

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

APR 03 2007

AZ CORP COMM
Director Utilities

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Greenlee</u>	
NAME (OWNER OR OFFICIAL) <u>Jack Shilling</u>	TITLE <u>CEO</u>
COMPANY NAME <u>Duncan Rural Services Corporation</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>617,998</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 42,179
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Jack Shilling
SIGNATURE OF OWNER OR OFFICIAL
928-359-2503
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

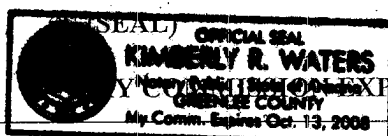
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

28th

DAY OF

NOTARY PUBLIC NAME <u>Kimberly R. Waters</u>	
COUNTY NAME <u>Greenlee</u>	
MONTH <u>March</u>	YEAR <u>2007</u>



X Kimberly R. Waters
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2006) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

FINANCIAL AND STATISTICAL REPORT						
		DUNCAN RURAL SERVICES CORPORATION DUNCAN, AZ 85534				
		YEAR ENDING December 31, 2006				
SIGNATURE OF OFFICE MANAGER OR ACCCOUNTANT		DATE				
SIGNATURE OF MANAGER		DATE				
PART A. STATEMENT OF OPERATIONS			December			
ITEM	YEAR-TO-DATE			THIS MONTH (d)		
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)			
1. Operating Revenue and Patronage Capital	648,420	679,930		116,954		
2. Cost of Purchased Gas	349,121	307,932		54,058		
3. Revenue Less Cost of Purchased Gas	299,299	371,998	375,752	62,896		
	0	-				
5. Distribution Expense-Operation	137,040	130,514	150,000	14,271		
6. Distribution Expense-Maintenance	55,138	42,978	60,000	5,562		
7. Consumer Accounts Expense	46,379	39,158	45,000	4,765		
8. Customer Service and Informational Expense	989	3,425	1,000	454		
9. Sales Expense	0	-				
10. Administrative and General Expense	54,799	76,806	60,000	2,825		
11. Total Operation & Maintenance Expense (2 - 10)	294,345	292,881	316,000	27,878		
12. Depreciation and Amortization Expense	51,210	52,708	55,000	4,440		
13. Tax Expense - Property	16,109	14,109	20,000	674		
14. Tax Expense - Other	(7,633)	(34,661)		(34,711)		
15. Interest on Long-Term Debt	27,223	54,940	43,000	4,798		
16. Interest Charged to Construction - Credit	0	-				
17. Interest Expense - Other	474	822	1,000	80		
18. Other Deductions	(12,103)	(12,103)		(1,009)		
19. Total Cost of Gas Service (11 - 18)	369,626	368,696	435,000	2,150		
20. Operating Margins (1 - 19)	(70,326)	3,301	(59,248)	60,746		
21. Non Operating Margins - Interest	421	1,039	100	67		
23. Non Operating Margins - Other	0	-				
27. Total Margins (20 - 26)	(69,905)	4,341	(59,148)	60,813		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT						
ITEM	Month	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
		LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connect	0	7	17			
2. Services Retired	0	3	20			
3. Total Services in Place	923	926	923	7. Miles Distribution Underground	50	50
4. Idle Services (Exclude Seasonal)	145	162	145	8. Total Miles of Line	50	50

FINANCIAL AND STATISTICAL REPORT		DUNCAN RURAL SERVICE CORPORATION	
		MONTH ENDING December 31, 2006	
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,404,394	26. Membership	5,000
2. Construction Work in Progress	3,289	27. Patronage Capital	
3. Total Utility Plant (1 + 2)	1,407,683	28. Operating Margins - Prior Years	(222,978)
4. Accum. Provision for Depreciation & Amort	691,084	29. Operating Margins - Current Year	3,301
5. Net Utility Plant (3 - 4)	716,599	30. Non Operating Margins	1,039
6. Nonutility Property - Net		31. Other Margins and Equities	
7. Invest in Assoc Org - Patronage Capital		32. Total Margins & Equities (26 thru 31)	(213,637)
8. Invest in Assoc Org - Other	1,000	33a. Long-Term Debt-DVEC 25 Year	60,412
9. Invest in Assoc Org - Nongeneral Funds		33b. Long-Term Debt-DVEC 35 Year	115,962
10. Other Investments		33c. Long-Term Debt-DVEC 25 Year	340,584
11. Special Funds		33d. Long-Term Debt-DVEC 25 Year	428,400
12. Total Other Property & Investments (6 thru 11)	1,000	34. Total Long-Term Debt	945,358
13. Cash - General Funds	6,053	35. Notes Payable	
14. Cash - Construction Funds - Trustee		36. Accounts Payable	173,437
15. Special Deposits		37. Consumers Deposits	19,185
16. Temporary Investments		38. Other Current & Accrued Liabilities	25,084
17. Notes Receivable - Net		39. Total Current & Accrued Liabilities (36 thru 39)	217,706
18. Accounts Receivable - Net Sales of Energy	126,373	40. Deferred Credits	
19. Accounts Receivable - Net Other		41. Miscellaneous Operating Reserves	
20. Materials & Supplies	24,943	42. Total Liabilities & Other Credits (32 + 34 + 39 thru 41)	949,427
21. Prepayments	14,403	ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
22. Other Current & Accrued Assets		Balance Beginning of Year	0
23. Total Current & Accrued Assets (13 thru 22)	171,772	Amounts Received This Year (Net)	
24. Deferred Debits	60,056	TOTAL Contributions in Aid of Construction	0
25. Total Assets & Other Debits (5+12+23+24)	949,427		
PART D. NOTES TO FINANCIAL STATEMENTS			
THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT. <i>(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)</i>			